

CITY OF TRINIDAD

California

Annual Financial Report June 30, 2018

City Council

**Susan Rotwein
Dwight Miller
Jim Baker
Jack West
Steve Ladwig**

**Mayor
Mayor Pro-Tem
Member
Member
Member**

Appointed Officials

***City Manager*
Dan Berman**

***City Clerk*
Gabriel Adams**

CITY OF TRINIDAD

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MARCELLO & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Post Office Box 60127 / Sacramento, California 95860

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor
Members of the City Council
City of Trinidad, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Trinidad, California, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based upon our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Trinidad, as of June 30, 2018, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Honorable Mayor
Members of the City Council
City of Trinidad, California

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted *management's discussion and analysis* that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Trinidad's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Marcello & Company

Certified Public Accountants
Sacramento, California
December 6, 2018

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF TRINIDAD
Government-wide Financial Statements
Statement of Net Position
June 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 1,326,341	\$ 1,135,219	\$ 2,461,560
Receivables	339,876	42,353	382,229
Prepaid expenses	39,402	-	39,402
Total current assets	1,705,619	1,177,572	2,883,191
Capital assets not being depreciated	43,778	25,089	68,867
Capital assets, net of depreciation	2,956,451	1,461,903	4,418,354
total noncurrent assets	3,000,229	1,486,992	4,487,221
Total assets	4,705,848	2,664,564	7,370,412
LIABILITIES			
Payables	79,006	1,140	80,146
Accrued expenses	21,626	9,967	31,593
Customer deposits	-	2,980	2,980
Total liabilities	100,632	14,087	114,719
NET POSITION			
Net investment in capital assets	3,000,229	1,486,992	4,487,221
Restricted	139,982	-	139,982
Unrestricted	1,465,005	1,163,485	2,628,490
Total net position	\$ 4,605,216	\$ 2,650,477	\$ 7,255,693

The accompanying notes to financial statements are an integral part of this financial statement

CITY OF TRINIDAD
Government-wide Financial Statements
Statement of Activities
Year Ended June 30, 2018

Functions/Programs	Program Revenue			Net (Expense) Revenue and Change in Net Position			
	Expenditures	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
General government	\$ 408,521	\$ 57,008	\$ 34,764	\$ -	\$ (316,749)	\$	\$ (316,749)
Public safety	319,714	-	139,416	-	(180,298)		(180,298)
Public works / Streets	153,284	-	70,873	-	(82,411)		(82,411)
Capital improvement projects	209,736	-	-	226,626	16,890		16,890
Depreciation	77,622	-	-	-	(77,622)		(77,622)
Total governmental activities	1,168,877	57,008	245,053	226,626	(640,190)		(640,190)
Business-type Activities							
Water utility	300,958	340,125	-	-		\$ 39,167	39,167
Cemetery	25,079	2,970	-	-		(22,109)	(22,109)
Total business-type activities	326,037	343,095	-	-		17,058	17,058
Total primary government	\$ 1,494,914	\$ 400,103	\$ 245,053	\$ 226,626			(623,132)
General Revenue							
				Sales tax	316,837	-	316,837
				Property taxes	104,313	-	104,313
				Transient occupancy	140,100	-	140,100
				Use of property	69,970	-	69,970
				Investment earnings	13,615	2,986	16,601
				Other revenue	16,913	20	16,933
				Totals	661,748	3,006	664,754
Change in Net Position							
				Net Position - beginning	21,558	20,064	41,622
				Prior capital assets adj.	4,553,056	2,630,413	7,183,469
				Net Position - end of year	30,602	-	30,602
					\$ 4,605,216	\$ 2,650,477	\$ 7,255,693

The accompanying notes to financial statements are an integral part of this financial statement

FUND FINANCIAL STATEMENTS

CITY OF TRINIDAD
Balance Sheet
Governmental Funds
June 30, 2018

ASSETS

	General Fund	Clean Beaches Grant	COPS Grant Program	OPC Citywide LID	USDA Stormwater Grant	Other Governmental Funds	Total Governmental Funds
Cash and investments	\$ 1,391,002	\$ -	\$ 8,906	\$ -	\$ -	\$ 54,760	\$ 1,454,668
Receivables	176,553	36,963	-	68,726	27,031	30,603	339,876
Prepaid expenses	39,402	-	-	-	-	-	39,402
Total assets	<u>\$ 1,606,957</u>	<u>\$ 36,963</u>	<u>\$ 8,906</u>	<u>\$ 68,726</u>	<u>\$ 27,031</u>	<u>\$ 85,363</u>	<u>\$ 1,833,946</u>

LIABILITIES

Payables	\$ 32,194	\$ 151	\$ -	\$ 34,829	\$ -	\$ 11,832	\$ 79,006
Cash overdrafts	-	36,621	-	33,904	27,031	30,771	128,327
Accrued expenses	20,098	-	-	-	-	1,528	21,626
Total liabilities	<u>52,292</u>	<u>36,772</u>	<u>-</u>	<u>68,733</u>	<u>27,031</u>	<u>44,131</u>	<u>228,959</u>

FUND BALANCES

Nonspendable	-	-	-	-	-	-	-
Restricted	75,317	191	8,906	-	-	55,568	139,982
Committed	1,154,475	-	-	-	-	-	1,154,475
Assigned	64,731	-	-	-	-	-	64,731
Unassigned	260,142	-	-	(7)	-	(14,336)	245,799
Total fund balances	<u>1,554,665</u>	<u>191</u>	<u>8,906</u>	<u>(7)</u>	<u>-</u>	<u>41,232</u>	<u>1,604,987</u>
Total liabilities and fund balances	<u>\$ 1,606,957</u>	<u>\$ 36,963</u>	<u>\$ 8,906</u>	<u>\$ 68,726</u>	<u>\$ 27,031</u>	<u>\$ 85,363</u>	<u>\$ 1,833,946</u>

The accompanying notes to financial statements are an integral part of this financial statement

CITY OF TRINIDAD
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2018

Total Fund Balances - Governmental Funds (page 6)	\$ 1,604,987
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the balance sheet of governmental activities:	
Capital assets not being depreciated	43,778
Capital assets, net of depreciation	<u>2,956,451</u>
Net Position - Governmental Activities (page 4)	<u>\$ 4,605,216</u>

The accompanying notes to financial statements are an integral part of this financial statement

CITY OF TRINIDAD
Statement of Revenue, Expenditures, and Change in Fund Balances
Governmental Funds
Year Ended June 30, 2018

	General Fund	Clean Beaches Grant	COPS Grant Program	OPC Citywide LID	USDA Stormwater Grant	Other Governmental Funds	Total Governmental Funds
REVENUE							
Property tax	\$ 104,313	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 104,313
Sales tax	316,837	-	-	-	-	-	316,837
Transient occupancy tax	140,100	-	-	-	-	-	140,100
Vehicle license fee	29,764	-	-	-	-	-	29,764
Gas tax	-	-	-	-	-	15,881	15,881
Licenses, planning and permits	53,583	-	-	-	-	3,425	57,008
Grants awarded	40,465	87,481	139,416	60,763	27,031	70,878	426,034
Rent and franchise fees	61,234	-	-	-	-	8,736	69,970
Investment earnings	13,481	-	-	-	-	134	13,615
Other revenue	15,575	-	-	-	-	1,338	16,913
Totals	775,352	87,481	139,416	60,763	27,031	100,392	1,190,435
EXPENDITURES							
General government	360,844	9,894	-	14,790	-	22,993	408,521
Public safety-police	95,635	-	142,146	-	-	-	237,781
Public safety-fire	81,933	-	-	-	-	-	81,933
Public works / Streets	153,284	-	-	-	-	-	153,284
Capital improvement projects	-	77,587	-	45,973	27,031	59,145	209,736
Totals	691,696	87,481	142,146	60,763	27,031	82,138	1,091,255
Change in Fund Balances	83,656	-	(2,730)	-	-	18,254	99,180
Fund Balances - beginning	1,471,009	191	11,636	(7)	-	22,978	1,505,807
Fund Balances - end of year	\$ 1,554,665	\$ 191	\$ 8,906	\$ (7)	\$ -	\$ 41,232	\$ 1,604,987

The accompanying notes to financial statements are an integral part of this financial statement

Reconciliation of the Statement of Revenue, Expenditures, and Change in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended June 30, 2018

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CITY OF TRINIDAD
Proprietary Funds
Statement of Net Position
June 30, 2018

	Business-type Activities		
	Water Fund	Cemetery Fund	Total Enterprise Funds
ASSETS			
Current Assets:			
Cash and investments	\$ 1,043,950	\$ 91,269	\$ 1,135,219
Receivables	42,353	-	42,353
Prepaid expenses	-	-	-
Total current assets	1,086,303	91,269	1,177,572
Noncurrent Assets:			
Capital assets not being depreciated	25,089	-	25,089
Capital assets, net of depreciation	1,458,401	3,502	1,461,903
Total noncurrent assets	1,483,490	3,502	1,486,992
Total assets	2,569,793	94,771	2,664,564
LIABILITIES			
Current Liabilities:			
Payables	737	403	1,140
Accrued expenses	8,348	1,619	9,967
Customer deposits	2,980	-	2,980
Total liabilities	12,065	2,022	14,087
NET POSITION			
Net investment in capital assets	1,483,490	3,502	1,486,992
Restricted	-	-	-
Unrestricted	1,074,238	89,247	1,163,485
Total net position	\$ 2,557,728	\$ 92,749	\$ 2,650,477

The accompanying notes to financial statements are an integral part of this financial statement

CITY OF TRINIDAD
Proprietary Funds
Statement of Revenue, Expenses, and Change in Net Position
Year Ended June 30, 2018

	Business-type Activities		
	Water	Cemetery	Total
	Fund	Fund	Funds
OPERATING REVENUE			
Water sales	\$ 340,125	\$ -	\$ 340,125
Burial plot sales	-	5,123	5,123
Burial plot refunds	-	(2,153)	(2,153)
Late charges	-	-	-
Totals	340,125	2,970	343,095
OPERATING EXPENSES			
Personnel costs	138,637	24,248	162,885
Operations and maintenance	104,641	603	105,244
Depreciation	57,680	228	57,908
Totals	300,958	25,079	326,037
OPERATING INCOME (LOSS)	39,167	(22,109)	17,058
NONOPERATING REVENUE (EXPENSES)			
Investment earnings	2,736	250	2,986
Other revenue (expense)	20	-	20
Totals	2,756	250	3,006
CHANGE IN NET POSITION			
Net Position - beginning	41,923	(21,859)	20,064
	2,515,805	114,608	2,630,413
Net Position - end of year	\$ 2,557,728	\$ 92,749	\$ 2,650,477

The accompanying notes to financial statements are an integral part of this financial statement

CITY OF TRINIDAD
Proprietary Funds
Statement of Cash Flows
Year Ended June 30, 2018

CASH FLOWS PROVIDED BY (USED FOR)

Operating Activities

Cash received from customers
Cash paid for personal services
Cash paid for operations and maintenance
Net cash provided (used)

Noncapital Financing Activities

Other revenue
Transfers in (out)
Net cash provided (used)

Investing Activities

Investment earnings

Net Increase (Decrease) in Cash

Cash - beginning
Cash - end of year

Operating Activities Analysis

Operating Income (Loss) (page 11)

Reconciliation adjustments:

Add depreciation, a noncash expense
(Increase) decrease in receivables
(Increase) decrease in prepaid expenses
Increase (decrease) in payables
Net cash provided (used)

Business-type Activities			
	Water Fund	Cemetery Fund	Total Enterprise Funds
	\$ 338,935	\$ 2,970	\$ 341,905
	(138,637)	(24,248)	(162,885)
	(118,951)	(652)	(119,603)
	81,347	(21,930)	59,417
	20	-	20
	-	-	-
	20	-	20
	2,736	250	2,986
	84,103	(21,680)	62,423
	959,847	112,949	1,072,796
	\$ 1,043,950	\$ 91,269	\$ 1,135,219
	\$ 39,167	\$ (22,109)	\$ 17,058
	57,680	228	57,908
	1,190	-	1,190
	5,995	1,619	7,614
	(22,685)	(1,668)	(24,353)
	\$ 81,347	\$ (21,930)	\$ 59,417

The accompanying notes to financial statements are an integral part of this financial statement

CITY OF TRINIDAD
Notes to Financial Statements
June 30, 2018

The notes to the financial statements include a summary of significant accounting policies and other notes considered essential to fully disclose and fairly present the transactions and financial position of the City as follows:

- Note 1 - Significant Accounting Policies
- Note 2 - Stewardship, Compliance, and Accountability
- Note 3 - Cash and Investments
- Note 4 - Receivables
- Note 5 - Defined Contribution Retirement Plan
- Note 6 - Payables
- Note 7 - Capital Assets
- Note 8 - Risk Management
- Note 9 - Commitments and Contingencies
- Note 10 - Subsequent Events
- Note 11 - New Pronouncements
- Note 12 - Fund Balance Designations Section of the Balance Sheet

CITY OF TRINIDAD
Notes to Financial Statements
June 30, 2018

Note 1 - Significant Accounting Policies

Defining the Reporting Entity

The City of Trinidad was incorporated on November 7, 1870 under the laws of the State of California. The City operates under a Council-Manager form of government that provides the following services: public safety (police, fire and animal control), recreation and culture, public improvements, planning and zoning, general and administrative services, cemetery and water utilities.

The City participates in a joint powers agency through a formally organized and separate entity agreement. The financial activities of the Public Agency Risk Sharing Authority of California (PARSAC), a public entity risk pool, are not included in the accompanying financial statements because they are administered by a governing board which is separate from and independent of the City.

Basis of Presentation

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants as applicable to governments. The following is a summary of the more significant policies.

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenue are reported instead as general revenue. Expenses reported for functional activities include allocated indirect expenses.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the later are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Fund Financial Statements

The accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenue, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operation fund of the City, or the government has determined that a fund is important to the financial statement user, or it meets the following criteria:

- Total assets, liabilities, revenue, or expenditures/expenses of that individual governmental fund or enterprise fund are at least 10% of the corresponding total for all funds of that category or type.
- Total assets, liabilities, revenue, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

CITY OF TRINIDAD
Notes to Financial Statements
June 30, 2018

Governmental Fund Types

Governmental funds are those through which most general government functions typically are financed. The City maintains the following fund types:

- General Fund - this fund accounts for all unrestricted resources except those required to be accounted for in another fund.
- Special Revenue Funds - these funds are used to account for the proceeds of specific revenue resources (other than major capital projects) that are legally restricted to expenditures for specified purposes.
- Capital Projects Funds - these funds are used to account for financial resources to be used for the acquisition, improvements or construction of streets, infrastructure and major capital projects.
- Enterprise Funds - these funds are established to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the City is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The *Water Utilities Fund* and the *Cemetery Fund* are reported as enterprise funds.

Major Funds

The following are the City's major funds this year:

- *General Fund* - this fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- *Clean Beaches Grant* - this fund is used to account for proceeds received from a State grant. Revenue is restricted for monitoring and management expenditures of biological significant areas.
- *COPS Grant Program* - this fund is used to account for proceeds received from a State grant. Revenue is restricted for public safety expenditures.
- *Ocean Protection Council (OPC) Citywide Low Impact Development (LID) Grant* - this planning and construction project is being funded by State Proposition 1 funds. Revenue is restricted for the design and construction of alternative street and storm water drainage flows.
- *USDA Stormwater Grant* – this fund is used to account for a federal grant that will be used to pay for the Project Engineering Report which is an integral part of the Storm Water Management Improvement Project, Phase 2 (ASBS Storm Water Project).

Measurement Focus

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied. The government-wide statement of net position and the statement of activities, and both governmental and business-type activities are presented using the economic resources measurement focus. The accounting objectives of the economic measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used, as appropriate. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

The proprietary fund utilizes an “economic resources” measurement focus. Proprietary fund equity is classified as net position.

CITY OF TRINIDAD
Notes to Financial Statements
June 30, 2018

Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

In the government-wide statement of net position, and in the statement of activities, both governmental and business-like activities are presented using the "accrual basis of accounting." Under the accrual basis of accounting, revenue is recognized when earned, and expenses are recorded when the liability is incurred and the amount of obligation is ascertainable. Revenue, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the "modified accrual basis of accounting." Under this modified accrual basis of accounting, revenue is recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Revenue which is susceptible to accrual includes property taxes and special assessments that are levied for and due for the fiscal year and collected within 60 days after year-end. Licenses, permits, fines, penalties, charges for services, and miscellaneous revenue are recorded as governmental fund type revenue when received in cash because they are not generally measurable until actually received. Revenue from taxpayer assessed taxes, such as sales taxes, are recognized in the accounting period in which they became both measurable and available to finance expenditures of the fiscal period. Grant revenue, which is normally reimbursements of expenses under contractual agreements, is recorded as a receivable when earned rather than when susceptible to accrual. Generally, this occurs when authorized expenditures are made under the grant program or contractual agreement. Expenditures are recognized when the fund liability is incurred, if measurable, except for unmatured interest on long-term debt in the governmental funds, which is recognized when due.

Proprietary funds use the "accrual basis of accounting" which records the financial effect on an enterprise of transactions and other events and circumstances that have cash consequences for an enterprise in the periods in which those transactions, events and circumstances occur rather than only when cash is received or paid by the enterprise.

Budgetary Data

General Budget Policies: the City maintains budgetary controls of which the objective is to ensure compliance with legal provisions embodied in the annual budget approval by the City Council. Budgetary control for operations is maintained at the department level by individual funds. Budgetary control for capital improvement projects (i.e., project-length financial plans) is maintained at the individual project level by fund. The City's budgeted expenditure authority lapses at the end of each fiscal year. However, outstanding purchase order commitments or capital improvement projects may be re-appropriated for the subsequent fiscal year upon City Council approval.

Budget Basis of Accounting: budgets for governmental funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America as prescribed by the GASB and the AICPA. The Budgetary Comparison Schedule of the general fund presents comparisons of legally adopted budget amounts (both the original budget and final budget), and actual amounts, on the budgetary basis. The budgeting basis is substantially equivalent to the City's accounting basis; thus no reconciliation between the two is considered necessary.

Other Accounting Policies

Cash and Investments

The City follows the requirements of GASB in reporting cash and investments at fair value and disclosing risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk, as applicable.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

CITY OF TRINIDAD
Notes to Financial Statements
June 30, 2018

Capital Assets

Capital assets used in governmental fund type operations are accounted for on the statement of net position. Public domain general capital assets (infrastructure) consisting of certain improvements other than buildings, such as roads, sidewalks and bridges are capitalized prospectively starting July 1, 2003. City policy has set the capitalization threshold for reporting capital assets at \$5,000. Capital outlay is recorded as expenditures of the general and special revenue funds, and, as capital assets in the government-wide financial statements to the extent the City's capitalization threshold is met. Donated assets are recorded at estimated fair value at the date of donation.

Property, plant and equipment acquired for proprietary funds are capitalized in the respective fund to which it applies and are stated at their cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the capital assets which range from 3 to 20 years for equipment and vehicles, and 20 to 50 years for infrastructure, buildings and improvements. Land, art and treasures are not considered exhaustible, therefore are not being depreciated.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Compensated Absences

The City has established a liability for accrued vacation, except that additional accruals for salary-related expenses associated with the costs of compensated absences, for example, the employer's share of social security and Medicare taxes, have not been accrued as that amount is not considered significant or material to the financial statements taken as a whole. All vacation pay is accrued when incurred in the government-wide and proprietary funds financial statements. This liability is established for current employees at their current rates of pay. If accrued vacation is not used by the employee during their term of employment, compensation is payable to the employee at the time of separation, and at the employee's prevailing rate of pay. Each fiscal year, an adjustment to the liability is made based on pay rate changes and adjustments for the estimated current portion due within one year. Due to the immaterial amount of year end accrued compensated absences, the City has elected to report compensated absences as accrued expenses in all funds.

Interfund Activity

Interfund activity is reported as loans, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Reimbursements are when one fund incurs a cost and then charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental and proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Property Tax Revenue

Property taxes in the State of California are administered for all local agencies at the County level and consist of secured, unsecured and utility tax rolls. The following is a summary of major policies and practices relating to property taxes:

- *Property Valuations* - are established by the Assessor of Humboldt County for the secured and unsecured property tax rolls; the utility property tax roll is valued by the California State Board of Equalization. Under the provisions of Article XIII A of the State Constitution (Proposition 13, adopted by the voters on June 6, 1978), properties are assessed at 100% of full value. From this base of assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increase to full value is allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations and is subject to annual reappraisal.
- *Tax Levies* - are limited to 1% of full assessed value which results in a tax rate of \$1.00 per \$100 assessed valuation under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation.

CITY OF TRINIDAD
Notes to Financial Statements
June 30, 2018

- *Tax Levy Dates* - are attached annually on January 1, preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.
- *Tax Collections* - are the responsibility of the County's tax collector. Taxes and assessments on secured and utility rolls, which constitute a lien against the property, may be paid in two installments: The first is due on November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against property unless the taxes become delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the County for late payments. The City has elected to receive the City's portion of the property tax revenue from the County under the State enacted "Teeter Bill" program. Under this program, the City receives 100% of the City's share of the levied property taxes in periodic payments, with the County assuming responsibility for collecting the delinquencies as well as keeping the related late penalties and interest.
- *Tax Levy Apportionments* - due to the nature of the City-wide maximum levy, it is not possible to identify general-purpose tax rates for specific entities. Under State legislation adopted subsequent to the passage of Proposition 13, apportionments to local agencies are made by each County auditor-controller based primarily on the ratio that each agency represented of the total City-wide levy for the three fiscal years prior to fiscal year 1979.
- *Property Tax Administration Fees* - the State of California fiscal year 1990-91 Budget Act authorized Counties to collect an administrative fee for its collection and distribution of property tax revenue.

Revenue and Expenditures

Substantially all governmental fund revenue is accrued. Property taxes are billed and collected within the same period in which the taxes are levied. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non-operating revenue. In recording grant revenue, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Grant resources transmitted before eligibility requirements are met, are reported as advances by the provider and deferred revenue by the recipient.

Operating income in proprietary fund financial statements includes revenue and expenses related to the primary continuing operations of the fund. Principal operating revenue for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenue and expenses are classified as non-operating in the financial statements. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as needed. Expenditures are recognized when the related fund liability is incurred.

Net Position and Fund Balances

The City's Net Position is classified as follows on the government-wide statement of net position:

- Net Investment in Capital Assets - represents the City's total investment in capital assets reduced by any outstanding debt used to acquire these assets.
- Restricted Net Position - includes resources that the City is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.
- Unrestricted Net Position - represents resources derived from sources without spending restrictions, are used for transactions relating the general operations of the City, and may be used at the discretion of those charged with governance to meet current expenses or obligations for any purpose.

CITY OF TRINIDAD
Notes to Financial Statements
June 30, 2018

Fund Balance designations are classified on the governmental funds balance sheet as follows:

- Nonspendable - amounts that cannot be spent because they are either (a) legally or contractually required to be maintained intact or (b) not in spendable form such as long-term notes receivable.
- Restricted - amounts that can be spent only for the *specific purposes* stipulated by constitution, external resource providers, or through enabling legislation.
- Committed - amounts that can be used only for the *specific purposes* determined by a formal action of the City Council, to establish, modify or rescind a fund balance commitment.
- Assigned - amounts that are constrained by the government's *intent* to be used for specific purposes but do not meet the criteria to be classified as restricted or committed, as determined by a formal action or policy of the City Council or its appointed official.
- Unassigned - the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Note 2 - Stewardship, Compliance, and Accountability

Revenue Limitations Imposed by California Proposition 218

Proposition 218, which was approved by the voters in November 1996, regulates the City's ability to impose, increase, and extend taxes, assessments, and fees. Any new, increased, or extended taxes, assessments, and fees subject to the provisions of Proposition 218, require voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes, assessments, and fees are subject to the voter initiative process and may be rescinded in the future years by the voters.

Deficit Fund Balances

Due to the City incurring costs in advance of receiving grant awards and other reimbursements, and revenue which it expects to recover in the future from grants and other sources, the following funds incurred deficits in their ending fund balances:

Local Coastal Project	\$ 891
Onsite wastewater treatment	13,270
DOT Van Wycke Trail	175
	<u>\$ 14,336</u>

Cash Deficit Balances by Fund

The following governmental activity funds reported year-end cash deficit balances:

USDA Stormwater Grant	\$ 27,031
Clean Beaches Grant	36,621
OPC Citywide LID	33,904
Local Coastal Project #1	1,295
Local Coastal Project #2	1,908
Prop 84 Stormwater Grant	14,911
DOT Van Wycke Trail	175
Onsite wastewater treatment system	12,482
	<u>\$ 128,327</u>

CITY OF TRINIDAD
Notes to Financial Statements
June 30, 2018

Note 3 - Cash and Investments

The City follows the practice of pooling cash and investments of all funds except for restricted funds required to be held by outside custodians, fiscal agents or trustees, under the provisions of bond covenants. Cash and investments at fiscal year-end are classified in the accompanying financial statements as follows:

Statement of Net Position

Governmental Activities	\$ 1,326,341
Business-type Activities	1,135,219
	<u>\$ 2,461,560</u>

Cash and Investments consist of the following:

Deposits with financial institutions	\$ 179,150
Local Agency Investment Fund	2,282,410
	<u>\$ 2,461,560</u>

Collateral and Categorization Requirements

At fiscal year end, the City's carrying amount of demand deposits was \$246,712 and the local bank account balances were \$276,228. The difference of \$29,516 represented outstanding checks and deposits in transit. Of the total bank deposit balance, \$250,000 was insured by Federal Depositary Insurance Corporation (FDIC) and \$26,228 was collateralized in accordance with California Government Code Section 53600. California law requires that the fair value of the pledged securities must equal at least 110% of the City's deposits. California law also allows financial institutions to secure the City's deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total deposits.

Investments in money market funds and the Local Agency Investment Fund (LAIF) are not insured by the FDIC or any government agencies. Investments in government or government sponsored entity (GSE) bonds are not insured but are collateralized by loans on real estate.

Investment Policy

The table below identifies the investment types that are authorized under provisions of the City's investment policy adopted September 14, 2011, and in accordance with Section 53601 of the California Government Code. The table also identifies certain provisions of the investment policy that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>	<u>Minimum Rating</u>
Certificates of Deposit	3 years	20%	None	None
U.S. Treasury Securities	None	None	None	None
Local Agency Investment Fund	None	None	None	N/A
State and Local Agency Obligations	None	20%	None	AAA

CITY OF TRINIDAD
Notes to Financial Statements
June 30, 2018

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Concentration of Credit Risk

The investment policy of the City contains limitations on the amount that can be invested in any single issuer as described above, and beyond that stipulated by the California government code. Investments at fiscal year-end were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Yield</u>	<u>Concentration</u>
Local Agency Investment Fund	\$2,282,410	6 months	1.9%	90%
Demand Deposits (checking)	246,712	on demand	0.1%	10%

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's investment policy limits credit risk by requiring compliance with the California Government Code for investment of public funds.

The credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California government code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: "The California government code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits."

The credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California government code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

Participation in an External Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF). LAIF, established in 1977, is regulated by California Government Code Section 16429 and under the day to day administration of the California State Treasurer. There is a five member Local Investment Advisory Board that is chaired by the State Treasurer. LAIF determines fair value of its investment portfolio based on market quotations for those securities where market quotations are readily available, and on amortized cost or best estimate for those securities where market value is not readily available. LAIF is part of the Pooled Money Investment Account (PMIA) and under the control of the State Treasurer's Office, which is audited by the Bureau of State Audits. As of June 30, 2018, PMIA had approximately \$88.8 billion in investments. Audited financial statements of PMIA may be obtained from the California State Treasurer's web site at www.treasurer.ca.gov.

The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

CITY OF TRINIDAD
Notes to Financial Statements
June 30, 2018

Note 4 - Receivables

Accounts and other receivables as reported in the Statement of Net Position are comprised of the following:

<u>Governmental Activities</u>	
Property taxes	\$ 22,828
Sales tax	100,132
Intergovernmental / grants	152,983
Transient occupancy taxes	44,352
Other receivables	19,581
	<u>\$ 339,876</u>
<u>Business-type Activities</u>	
Water fund - grant reimbursements	\$ -
Water utility customers	42,353
	<u>\$ 42,353</u>

Management has elected to record bad debts using the direct write-off method. Accounting principles generally accepted in the United States of America require that the allowance method be used to reflect bad debts. However, the effect of the use of the direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed.

Note 5 - Defined Contribution Retirement Plan

The City contributes to an employee owned defined contribution plan administered through Smith Barney/Hartford ITT under established plan provisions, and which may be amended by City council resolution. The City contributes 6% of an employee's annual salary to the plan which provides retirement benefits. The City also provides matching contributions up to 6% of an employee's contributions for all eligible employees. Plan participants age 50 and older can make catch-up annual contributions up to \$5,000; and in the three years prior to retirement, can make catch-up contributions of up to twice the annual limit. All employee and employer contributions are tax deferred to the employee. The City contributed \$35,042 to the plan for the year.

Note 6 - Payables

Accounts payable and accruals, as reported in the Statement of Net Position are comprised of the following:

	Governmental Activities	Business-type Activities
Engineering/planning consultants	\$ 59,976	\$ -
Insurance	7,398	-
TBID pass through	10,739	-
Vendors and supplies	893	1,140
	<u>\$ 79,006</u>	<u>\$ 1,140</u>

CITY OF TRINIDAD
Notes to Financial Statements
June 30, 2018

Note 7 - Capital Assets

Governmental-type capital asset activity for the year was follows:

	Beginning Balance	Additions/ Completions	Retirements/ Adjustments	Ending Balance
<u>Nondepreciable Assets</u>				
Land	\$ 43,778	\$ -	\$ -	\$ 43,778
Construction-in-progress	-	-	-	-
	<u>43,778</u>	<u>-</u>	<u>-</u>	<u>43,778</u>
<u>Depreciable Assets</u>				
Buildings, Improvements, and Streets	3,259,858	-	-	3,259,858
Equipment	83,737	-	-	83,737
Vehicles	75,275	-	-	75,275
	<u>3,418,870</u>	<u>-</u>	<u>-</u>	<u>3,418,870</u>
<u>Accumulated Depreciation</u>	<u>(384,797)</u>	<u>(77,622)</u>	<u>-</u>	<u>(462,419)</u>
Depreciable assets, net	<u>3,034,073</u>	<u>(77,622)</u>	<u>-</u>	<u>2,956,451</u>
Total capital assets, net	<u>\$ 3,077,851</u>	<u>\$ (77,622)</u>	<u>\$ -</u>	<u>\$ 3,000,229</u>

Business-type capital asset activity for the year was follows:

	Beginning Balance	Additions/ Completions	Retirements/ Adjustments	Ending Balance
<u>Nondepreciable Assets</u>				
Water utility - Land	\$ 25,089	\$ -	\$ -	\$ 25,089
Construction-in-progress	-	-	-	-
	<u>25,089</u>	<u>-</u>	<u>-</u>	<u>25,089</u>
<u>Depreciable Assets</u>				
Water utility	2,045,428	391,240	-	2,436,668
Cemetery building	7,964	-	-	7,964
	<u>2,053,392</u>	<u>391,240</u>	<u>-</u>	<u>2,444,632</u>
<u>Accumulated Depreciation</u>	<u>(920,587)</u>	<u>(57,680)</u>	<u>-</u>	<u>(978,267)</u>
	<u>(4,234)</u>	<u>(228)</u>	<u>-</u>	<u>(4,462)</u>
Depreciable assets, net	<u>1,128,571</u>	<u>333,332</u>	<u>-</u>	<u>1,461,903</u>
Total capital assets, net	<u>\$ 1,153,660</u>	<u>\$ 333,332</u>	<u>\$ -</u>	<u>\$ 1,486,992</u>

CITY OF TRINIDAD
Notes to Financial Statements
June 30, 2018

Note 8 - Risk Management

The City is exposed to various risks of loss related to torts, thefts, damage and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City is a member of the Public Agency Risk Sharing Authority of California (PARSAC or the Authority), a public entity risk pool currently operating as a common risk management and insurance program for member cities. The relationship between the City and PARSAC is such that PARSAC is not a component unit of the City for financial reporting purposes. PARSAC is governed by a Board consisting of representatives from member municipalities. The Board controls the operations of the Authority, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the Board. Financial statements may be obtained from PARSAC, 1525 Response Road, Suite One, Sacramento, CA 95815. For workers compensation insurance, the City is insured by the Local Agency Workers Compensation Excess Company. For property coverage, the City is protected by a commercial general liability insurance policy.

Note 9 - Commitments and Contingencies

In the normal course of City operations there are occasional and various legal claims and actions against the City for which no provision has been made in the financial statements because the amount of liability, if any, is unknown.

The City has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.

The City entered into an agreement with the County of Humboldt to provide law enforcement services within the City limits, for the amount of \$237,685 per year. The agreement period commences July 1, 2017 through June 30, 2020. Appropriations are partially funded through an annual State grant of approximately \$120,000 and an annual County grant of approximately \$35,000. There is no contractual agreement for the grantors to provide funding beyond one year.

At June 30, 2018 the City was committed to several grant funded contracts related to potable water quality, water treatment plant upgrades, onsite wastewater treatment services, and street water runoff and environmental related improvements. The ability of the City to meet these contractual commitments is dependent upon continued intergovernmental grant funding.

The City entered into a 99-year lease agreement with the Trinidad Coastal Land Trust, for a building which is occupied by a branch of the Humboldt County library. Annual rent is \$500 per year and adjusted every five years equal to a consumer price index.

Note 10 - Subsequent Events

The management of the City has reviewed the results of operations for the period from its fiscal year end June 30, 2018 through December 28, 2018, the date the financial statements were available to be issued in draft form, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

Note 11 - New Pronouncements

The Governmental Accounting Standards Board (GASB) has released the following new pronouncements, which can read in their entirety at <http://www.gasb.org>.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Effective Date: The requirements of this Statement are effective for periods beginning after June 15, 2017. This Statement sets new reporting requirements for government employer OPEB plans, whether or not funded, and replaces GASB 45. Because it follows Statement 68 (the new pension accounting standard) very closely, the required calculations and terms may be familiar.

CITY OF TRINIDAD
Notes to Financial Statements
June 30, 2018

GASB Statement No. 83, *Certain Asset Retirement Obligations*

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. (Issued 11/16)

GASB Statement No. 84, *Fiduciary Activities*

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. (Issued 01/17)

GASB Statement No. 85, *Omnibus 2017*

Effective Date: The provisions of this Statement are effective for periods beginning after June 15, 2017. Earlier application is encouraged. (Issued 03/17)

GASB Statement No. 86, *Certain Debt Extinguishment Issues*

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. (Issued 05/17)

GASB Statement No. 87, *Leases*

Effective Date: For reporting periods beginning after December 15, 2019. (Issued 06/17)

CITY OF TRINIDAD
Notes to Financial Statements
June 30, 2018

Note 12 - Fund Balance Designations Section of the Balance Sheet

Fund Balances	General Fund	Clean Beaches Grant	COPS Grant Program	OPC Citywide LID	Other Governmental Funds	Total Fund Balance Designations
Nonspendable:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for:						
Clean Beaches project	-	191	8,906	-	-	9,097
Measure Z proposition	75,317	-	-	-	-	75,317
Integrated Waste Mgmt	-	-	-	-	3,714	3,714
State Gas Tax street projects	-	-	-	-	33,106	33,106
State TDA street projects	-	-	-	-	18,748	18,748
Total restricted fund balances	75,317	191	8,906	-	55,568	139,982
Committed to:						
Emergency reserve	459,000	-	-	-	-	459,000
Budget Stabilization reserve	459,000	-	-	-	-	459,000
Capital/Special Project reserve	221,475	-	-	-	-	221,475
Self insurance reserve	15,000	-	-	-	-	15,000
Total committed fund balances	1,154,475	-	-	-	-	1,154,475
Assigned to:						
Fire dept capital reserve	50,700	-	-	-	-	50,700
Public works capital reserve	10,000	-	-	-	-	10,000
Town hall capital reserve	4,031	-	-	-	-	4,031
Total assigned fund balances	64,731	-	-	-	-	64,731
Unassigned:	260,142	-	-	(7)	(14,336)	245,799
Total Fund Balances	<u>\$ 1,554,665</u>	<u>\$ 191</u>	<u>\$ 8,906</u>	<u>\$ (7)</u>	<u>\$ 41,232</u>	<u>\$ 1,604,987</u>

REQUIRED SUPPLEMENTARY INFORMATION

(unaudited)

CITY OF TRINIDAD
Required Supplementary Information (unaudited)
Note to Budgetary Comparison Information
June 30, 2018

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to the close of each fiscal year, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed revenue and expenditures.
- Public hearings are conducted at City Council meetings to obtain taxpayer comments prior to adoption of the budget in June.
- Prior to July 1, the budget is legally adopted for all governmental fund types through Council approved resolution.
- The City Manager is authorized to transfer budget amounts within and between funds as deemed desirable and necessary in order to meet the City's needs; however, revisions that alter the total expenditures must be approved by the City Council. Formal budgetary integration is employed as a management control device during the year for the governmental type funds.
- Budgets for the governmental type funds are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts presented are as originally adopted and as further amended by the City Council.

CITY OF TRINIDAD
Required Supplementary Information (unaudited)
Budgetary Comparison Information
General Fund, State COPS Grant Fund, and County Measure Z Fund
Year Ended June 30, 2018

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
<i>Resources (Inflows)</i>				
State COPS grant	\$ 100,000	\$ 100,000	\$ 139,416	\$ 39,416
County Measure Z grant	75,000	75,000	34,375	(40,625)
Public Safety - Police	175,000	175,000	173,791	(1,209)
Property tax	96,800	96,800	104,313	7,513
Sales tax and VLF	268,600	268,600	312,226	43,626
Transient occupancy tax	134,400	134,400	140,100	5,700
Intergovernmental grant	-	-	40,465	40,465
Investment earnings	5,000	5,000	13,481	8,481
Licenses, planning and permits	35,150	35,150	53,583	18,433
Use of property	49,435	49,435	61,234	11,799
Other revenue	-	-	15,575	15,575
Transfers in	-	-	-	-
Amounts Available for Appropriation	764,385	764,385	914,768	150,383
<i>Charges to Appropriation (Outflows)</i>				
State COPS grant	100,000	100,000	139,416	(39,416)
County Measure Z grant	75,000	75,000	34,375	40,625
General Fund	-	-	61,260	(61,260)
Public Safety - Police	175,000	175,000	235,051	(60,051)
General Government:				
City Administration	341,950	341,950	360,766	(18,816)
Public Safety - Fire	87,300	87,300	81,934	5,366
Public Works	165,140	249,665	170,187	79,478
Fire dept. reserve	-	-	-	-
Public works reserve	-	-	-	-
Town hall reserve	-	-	-	-
Transfers out	-	-	-	-
Total Charges to Appropriations	769,390	853,915	847,938	5,977
<i>Excess (Deficit)</i>	<u>\$ (5,005)</u>	<u>\$ (89,530)</u>	<u>\$ 66,830</u>	<u>\$ 156,360</u>

OTHER SUPPLEMENTARY INFORMATION

CITY OF TRINIDAD
Combining Balance Sheet
Nonmajor Governmental Funds
Year Ended June 30, 2018

		Integrated Waste Mgmt	LCP Local Coastal Project #1	LCP Local Coastal Project #2	State Gas Tax Fund	Transportation Development Agency	Onsite Wastewater Treatment System	DOT Van Wycke Trail	Prop 84 Stormwater Grant	Total Nonmajor Funds
ASSETS										
Cash and investments	\$	3,688	\$ -	\$ -	\$ 32,324	\$ 18,748	\$ -	\$ -	\$ -	\$ 54,760
Receivables		1,591	5,353	2,393	782	-	-	5,573	14,911	30,603
Total assets	\$	5,279	\$ 5,353	\$ 2,393	\$ 33,106	\$ 18,748	\$ -	\$ 5,573	\$ 14,911	\$ 85,363
LIABILITIES										
Payables	\$	37	\$ 4,949	\$ 485	\$ -	\$ -	\$ 788	\$ 5,573	\$ -	\$ 11,832
Cash overdrafts		-	1,295	1,908	-	-	12,482	175	14,911	30,771
Accrued expenses		1,528	-	-	-	-	-	-	-	1,528
Total liabilities	1,565		6,244	2,393	-	-	13,270	5,748	14,911	44,131
FUND BALANCES		3,714	(891)	-	33,106	18,748	(13,270)	(175)	-	41,232
Total liabilities and fund balances	\$	5,279	\$ 5,353	\$ 2,393	\$ 33,106	\$ 18,748	\$ -	\$ 5,573	\$ 14,911	\$ 85,363

CITY OF TRINIDAD
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2018

	Integrated Waste Mgmt	LCP Local Coastal Project #1	LCP Local Coastal Project #2	State Gas Tax Fund	Transportation Development Agency	Onsite Wastewater Treatment System	DOT Van Wycke Trail	Prop 84 Stormwater Grant	Total Nonmajor Funds
REVENUE									
Grants awarded	\$ 5,000	\$ 13,919	\$ 2,392	\$ -	\$ 14,527	\$ -	\$ 20,129	\$ 14,911	\$ 70,878
Gas tax	-	-	-	15,881	-	-	-	-	15,881
Franchise fees	8,736	-	-	-	-	-	-	-	8,736
Planning fees	-	-	-	-	-	3,425	-	-	3,425
Investment earnings	-	-	-	83	51	-	-	-	134
Other revenue	1,338	-	-	-	-	-	-	-	1,338
Total revenue	15,074	13,919	2,392	15,964	14,578	3,425	20,129	14,911	100,392
EXPENDITURES									
General government	19,990	1,523	1,480	-	-	-	-	-	22,993
Capital improvements	-	12,396	912	-	4,693	6,104	20,129	14,911	59,145
Total expenditures	19,990	13,919	2,392	-	4,693	6,104	20,129	14,911	82,138
CHANGE IN FUND BALANCES									
Fund balances - beginning	(4,916)	-	-	15,964	9,885	(2,679)	-	-	18,254
Fund balances - end of year	8,630	(891)	-	17,142	8,863	(10,591)	(175)	-	22,978
	\$ 3,714	\$ (891)	\$ -	\$ 33,106	\$ 18,748	\$ (13,270)	\$ (175)	\$ -	\$ 41,232

